

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	Chapter 11
)	
BHF CHICAGO HOUSING GROUP B, LLC)	Case No. 20-12453
(ICARUS))	
)	Hon. Jack B. Schmetterer
Debtor.)	
)	

**NOTICE OF APPLICATION TO AUTHORIZE THE RETENTION AND
EMPLOYMENT OF HILCO REAL ESTATE, LLC AS REAL ESTATE BROKER**

PLEASE TAKE NOTICE that on **July 14, 2020 at 10:30 a.m.** (prevailing Central Time) or as soon thereafter as counsel may be heard, we shall appear before the Honorable Jack B. Schmetterer in Courtroom 682 in the United States Courthouse, 219 South Dearborn Street, Chicago, Illinois, or before any other judge who may be sitting in his place and stead, and present the *Application to Authorize the Retention and Employment of Hilco Real Estate as Real Estate Broker* (the “Broker Application”), at which time and place you may appear if you so desire

THIS MOTION WILL BE PRESENTED AND HEARD TELEPHONICALLY. No personal appearance in court is necessary or permitted. To appear and be heard telephonically on the motion, you must set up and use an account with Court Solutions, LLC. You can set up an account at www.Court-Solutions.com or by calling Court Solutions at (917) 746-7476.

PLEASE TAKE FURTHER NOTICE that, pursuant to General Order No. 20-03, any party that objects to the relief sought in the Motion must file a Notice of Objection no later than two (2) business days before the date of presentment. Please be advised that if a Notice of Objection is not timely filed, the Court may grant the Motion without a hearing before the date of presentment.

Dated: July 7, 2020

Respectfully submitted,

**BHF CHICAGO HOUSING GROUP B, LLC
(ICARUS)**

By: /s/ Kevin H. Morse

One of Its Proposed Attorneys

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**UNITED STATES BANKRUPTCY COURT
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BHF CHICAGO HOUSING GROUP B, LLC)	Case No. 20-12453
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**APPLICATION TO AUTHORIZE THE RETENTION AND EMPLOYMENT OF
HILCO REAL ESTATE, LLC AS REAL ESTATE BROKER**

BHF Chicago Housing Group B, LLC (Icarus), debtor and debtor in possession (collectively, “Debtor”), by and through its undersigned counsel, hereby submits this application (the “Broker Application”) for the entry of an order authorizing the retention and employment of Hilco Real Estate, LLC (“Hilco”) as Debtor’s real estate broker for the Property that is subject to this case. Debtor requests this order be issued *nunc pro tunc* to July 2, 2020. In support of the Broker Application, the Debtor states as follows:

Jurisdiction

1. This Court has jurisdiction over this Broker Application pursuant to 28 U.S.C. § 1334. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.
2. The consideration of this Broker Application is a core proceeding pursuant to 28 U.S.C. §157(b).
3. The statutory predicates for the relief requested herein are sections 327(a), 328(a) and 1107(b) of title 11, United States Code (the “Bankruptcy Code”), Rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”) and Local Rule 2016-1.

Preliminary Statement¹

4. On June 15, 2020 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtor continues to manage its financial affairs as a debtor-in-possession. No trustee, examiner or committee has been appointed in this Chapter 11 Case.

5. The nature of the Debtor's business and the factual background relating to the Debtor's commencement of this Chapter 11 case is set forth in detail in the *Declaration of Andrew Belew in Support of Chapter 11 Petition, First-Day Motions, and Certain Second Tier Motions* (the "Belew Declaration") filed on June 15, 2020 as ECF No. 4, and expressly incorporated herein by reference.

6. After analyzing the ramifications of filing the Chapter 11 case, and alternatives thereto, the Debtor believes the Chapter 11 case will afford the Debtor the best means of preserving the value of the Property, while securing a purchaser that will stabilize the Property for the community and existing tenants. The Chapter 11 case stands to protect the claims and interests of the Debtor's tenants, creditors, the community, and other parties in interest.

7. The Debtor believes that any significant delay in embarking upon a sale process is likely to have a material adverse effect on the value of the Property given the deteriorating state of the Property and inability to financially respond to the needs of the few remaining tenants.

Relief Requested

8. By this Broker Application, the Debtor respectfully requests that this Court enter an order authorizing the Debtor to employ and retain Hilco as the real estate broker for the subject Property in this case pursuant to section 327(a) of the Bankruptcy Code.

¹ Capitalized terms used in this Preliminary Statement but not defined herein shall have the meanings set forth in the Belew Declaration.

9. The Debtor seeks to retain Hilco as its real estate broker because (a) Hilco has extensive experience regarding the acquisition or disposition of hundreds of millions of square feet of owned and leased real estate; (b) Hilco is based in Northbrook, Illinois, and thus has an intimate knowledge of the Chicago real estate market; and (c) Hilco has a vast network, garnering significant interest from buyers and investors across many different asset types and throughout various international geographies; and (d) Hilco has significant experience, spanning over 40 years, assisting with § 363 bankruptcy sales. Accordingly, the Debtor believes that Hilco is well-qualified to be the real estate broker for the Property.

Scope of Employment

10. The Debtor requires the services of Hilco to represent and assist the Debtor in marketing the Property and facilitating a sale to the highest paying purchaser who can stabilize the Property for the community and existing tenants. The Debtor expects that Hilco will be called upon to render various professional services, including, but not limited to, the following:

- a. Meeting with the Debtor to ascertain the Debtor's goals, objectives and financial parameters in selling the Property. The sales structure, including reserve pricing, is more specifically described on Exhibit B to the Engagement Letter;
- b. Preparing marketing plan and budget for Debtor's review and approval. A proposed market plan and budget shall be provided by Hilco to Debtor within five (5) business days of the Effective Date;
- c. Soliciting interested parties for the sale of the Property, and marketing the Property for sale through an accelerated sales process. The bid deadline is anticipated to be on or about September 30, 2020 or within ten (10) weeks after entry of the order approving Hilco's employment;
- d. Solely at the Debtor's direction and on the Debtor's behalf, negotiating the business terms of the sale of the Property; and
- e. performing all other broker-related services for the Debtor which may be necessary and proper in order to effectuate the sale of the Property.

Hilco shall not have authority to bind Debtor to any contract or purchase agreement.

Compensation

11. Section 327(a) of the Bankruptcy Code authorizes the employment of necessary professionals to represent the debtor in possession in carrying out the debtor in possession's duties. See 11 U.S.C. § 327(a). Section 328(a) of the Bankruptcy Code authorizes the compensation of a professional employed under § 327(a) "on any reasonable terms and conditions of employment," including on a "fixed or percentage fee basis, or on a contingent fee basis." 11 U.S.C. §328(a). Subject to this Court's approval and in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules of this Court and other procedures that may be fixed by this Court, the Debtor requests that Hilco be compensated on a commission basis, plus reimbursement of the actual and necessary expenses Hilco incurs pursuant to a Budget not to exceed \$25,000.

12. In the event the Property is sold to the stalking horse bidder in an amount equal to the stalking horse bidder's initial bid amount as provided in the stalking horse agreement, as subsequently amended, Hilco shall earn a fee equal to one and one-half percent (1.5%) of the Gross Sale Proceeds; provided, however, in the event stalking horse bidder is the successful bidder for the Property and increases its bid amount as a result of the Managed Bid Process (as defined in the Engagement Letter), Hilco shall earn a fee equal to three percent (3.0%) of the Gross Sale Proceeds.

13. In the event Property is sold to a party that is not Saybrook, Hilco shall earn a fee equal to three percent (3%) of the Gross Sale Proceeds. For purposes hereof, "Gross Sale Proceeds" shall mean the cash received by the Debtor in consideration of a Property, as approved by the Bankruptcy Court.

14. Based upon the nature of the services to be provided by Hilco and the fact that Hilco

does not bill clients on an hourly basis, the Debtor seeks relief from having Hilco maintain time records or file interim or final fee applications. No compensation will be paid to Hilco except as authorized by order of this Court, after notice and an opportunity for a hearing. The Debtor will seek approval to pay Hilco's commission and reimbursement of Hilco's expenses in connection with any order authorizing the sale of the Property.

**Hilco Does Not Hold
Or Represent Any Adverse Interest**

15. The Declaration of Sarah Baker, Vice President and Assistant General Counsel of Hilco Global, is attached hereto as Exhibit A.

16. To the best of the Debtor's knowledge and based upon and except as set forth in Baker Declaration:

- a. Hilco does not hold or represent any interest adverse to the Debtor's chapter 11 estate.
- b. Hilco is a "disinterested person" as such term is defined in section 101(14) of the Bankruptcy Code.
- c. Hilco is not a creditor, an equity security holder, or an insider of the Debtor.
- d. Hilco is not and was not, within 2 years before the Petition Date, a director, officer, or employee of the Debtor.
- e. Hilco does not have an interest materially adverse to the interest of the Debtor's estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtor, or for any other reason.

To the best of the Debtor's knowledge, Hilco does not have any connections with the Debtor, its creditors, any other parties in interest, its attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee, except as set forth in Baker Declaration.

Notice

17. Notice of this Application has been given to (a) the Office of the United States Trustee of this District; (b) counsel to Trustee; (c) any receiver(s) in possession of the property; (d) the City of Chicago; (e) the twenty (20) largest unsecured creditors of the Debtor; and (f) all parties who have filed appearances or requested notices through the Court's CM/ECF system

WHEREFORE, the Debtor respectfully requests that this Court enter the attached order (i) authorizing the Debtor to retain and employ Hilco Real Estate as the Property's real estate broker, *nunc pro tunc* to the Petition Date; and (ii) granting such other relief as this Court may deem just and proper.

Dated: July 7, 2020

Respectfully submitted,

**BHF CHICAGO HOUSING GROUP B, LLC
(ICARUS)**

By: /s/ Kevin H. Morse
One of Its Proposed Attorneys

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